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ISSN: 2349 - 4891
International
Journal of Recent Research and Applied Studies
(Multidisciplinary Open Access Refereed e-Journal)

A Study on Factors Influencing the Intention to Online Share Trading

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Received 18th March 2017, Accepted 22nd April 2017

Abstract

This study investigates personal variables which influence on investors' intention to online share trading. In order to study with different variables under the factors influencing intention to trade such as internet skills, social and cultural, perceived advantages, attitude towards adopting and intend to use the internet. Data were collected with the help of a structured mailed questionnaire which was further subjected to analysis for Kruskal Wallis and Wilcoxon rank sum tests in SPSS. Results show that gender, age, monthly income, educational qualification and occupation does not affect the intention to trade online share trading.

Keywords: Personal variables, Factors and Intention to share trading.

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I. Introduction

Internet, the new medium that has emerged as a result of convergence between telecommunication and computers, is revolutionizing the way business is done and is making inroads into every conceivable area of business activity. The last two decades witnessed a profound technological change among which is the advent of electronic commerce or exchange of products and payment via internet (R. Kalakota). Online share trading has a lot of advantages, such as faster trading speed, better information transparency and lower operating cost (S.M. Huang)as an alternative to the traditional phone-based trading has unique characteristics. Brokerage firms can use online trading to reduce costs by eliminating human interaction as well as by unbinding trading from other services such as providing investment advice (Bakos et al., 2000).

For consumers, online trading lowers trading costs, because the commission charged by online brokers is less than the commission charged by offline full-service brokers and even discount brokers (Barber & Odean, 2000). Online trading also improves execution speed; with online trading, buying or selling stocks is only one click away. Current users of online trading exhibit some characteristics that are different from those of traditional investors. Several researchers (Barber & Odean, 2000; Balasubramanian, Konana & Menon, 1999) described online investors as more confident and more likely to be young males than offline investors. However, other than demographic descriptions, investors' adoption of online trading has not been well understood. Which factors hinder or encourage investors' adoption remain unknown.

Online and traditional investing differ substantially in terms of how information is accessed and processed, the nature of intimidation, and the process of trading. Online investing constitutes a sector where the internet has a large impact in terms of total monetary flows in the study area, and now accounts for about all individuals trade preference and acceptance was online share trading. The study is undertaken by the researcher among the share investors of Chennai District with a structured undisguised mailed questionnaire. The intent of the study is to determine the influences of online share traders in the share market.

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II. Review of Literature

A few studies had been made which were indirectly helpful to this investigation. Reviews of such studies are presented below:

Ming-Chi Lee investigates show stock investors perceive and adopt online trading in Taiwan. We developed a research model which integrates perceived risk, perceived benefits and trust, together with technology acceptance model (TAM) and theory of planned behavior (TPB) perspectives to predict and explain investors' intention to use online trading. The model is examined through an empirical study involving 338 subjects using structural equation modeling techniques. The results provide support for the proposed research model and confirm its robustness in predicting investors' intentions to adopt online trading. In addition, this study provides some useful suggestions and/or implications for the academics and practitioners in the area of online trading.

Yi-Ming Tai the study investigates the analysis results of PLS reveal three positive determinants (i.e.,

performance expectancy, effort expectancy and social influence) and three negative determinants (i.e., security risk, economic risk and functional risk) that significantly influence stock investors' behavioral intention to use mobile stock trading. The findings of this study don't only have important implications for m-commerce research, but also provide insights for securities firms and developers of mobile stock trading systems.

Singh et. al. (2010) examined whether investors who adopted Internet stock trading perceived differently from those of non-adopters. The primary data were based on 299 investors (149 adopters and 150 non-adopters). Results indicated that attitude dimensions and demographic variables contributed significantly in classifying investors as adopters or non-adopters in Internet trading. Attitude dimensions, a variety of financial products and safety contributed significantly in discriminating between adopters and non-adopters of Internet trading followed by the factor such as 'convenience and transparency'.

Majali (2013) investigated the factors that could predict the customers' attitude towards using internet trading services in Jordon. The sample was taken randomly from telephone directories of 10 selected companies in Amman stock exchange in Jordan. It examined the perceived usefulness, perceived ease of use, compatibility, trial-ability, trust and awareness. Results showed that awareness appears to be the most important factor among all the factors. Singh (2013) examined whether brokers who adopted net stock trading perceived differently from those of non-net based brokers. The primary data based on 196 brokers (92 brokers and 104 non-net based brokers). As regards demographics, young brokers were more adaptable to the latest Internet technology as a medium of providing a trading facility in comparison to aged and experienced brokers due to lack of education and awareness about this medium. As far as the attitude dimensions were concerned, 'economic, convenience and transparency' contributed significantly in discriminating between net brokers and non-net brokers.

Parkash et al. (2014) observed the various personal characteristics like income, age, gender, occupation, education and marital status on risk taking behavior of the individual. Using snowball sampling method 200 questionnaires were filled by the individuals of the region Karachi, who make investments and have knowledge about different investment avenues. Results show that gender has no relationship with risk taking ability, but other factors like marital status, higher education and income of individuals affects the risk taking capacity of the individual.

Apar Singh and Meenakshi Malhotra, investigates demographic factors influence on investors' behaviour in adopting an online trading and to determine success factors and resistance factors affecting adoption of online trading. We developed a research model which integrates Perceived Usefulness, Perceived Benefits, Perceived Ease of Use, Attitude, and Subjective norms, Perceived Behavioral Control, Perceived Risk, Trust and Intention to adopt online trading and the results shows that home ownership, income, trading experience and occupation effect the adoption of online trading but marital status, age, gender, education, type of trade and trading frequency does no effect adoption of online trading. Similarly perceived benefit and perceived risk have no direct impact on adoption of online trading.

III. Objective of the study

The following is the objective of the study

- To examine the factors influencing the intention to use online stock trading.

a) Research Question

In this study frame the question based on the objective

- What are the factors that influence the intention to the online share trading?

b) Hypothesis

The following null hypothesis were framed as follows,

H_0= There is no significant difference in the factors influencing intention to online share trading among the respondents on the basis of personal variables such as age, gender, educational qualification, occupation and monthly income.

IV. Research Methodology

a) Sample Selection

The target population of this study was investors of online share trading in Chennai district of Tamilnadu, India. The convenience sampling method has been used. Data were collected through mailed questionnaire from 60 sample respondents of online share trading investors in the study area.

b) Sources of Data

The study was based on both the primary and secondary data which were collected from the various sources. The Primary data has been gathered through mailed questionnaire and the secondary data were collected from the journals, books and related research papers.

c) Period of the Study

The required primary data were collected from the online investors for the period from February 2017 to March 2017.

V. Tools Used for Analysis

The primary data collected was analyzed by using appropriate statistical tools (SPSS) and have been presented by the use of tables.

a) The Kruskal-Wallis Test

It is employed for testing the various factors influencing the intention to online share trading and the

demographic variables. The formula for calculating the test statistic 'H' is as under:

Kruskal-Wallis Formula

$$H = \frac{12}{n(n+1)} \sum \frac{R_i^2}{n_i} - 3(n+1)$$

Where, R_j = Sum of the Ranks in the jth Column, n_j = Number of Cases in the jth Column, and
N= Sum of Observations in all the Columns.

b) The Wilcoxon Rank Sum Test

It is employed for testing the two independent sample variable like gender and the factors influencing intention to online share trading. The formula for calculating the statistic is under

$$z = (R - \mu R)/\sigma R$$

Where,

μR = $(n1 + n2 + 1)/2$

σR = $\sqrt{n1n2(n1 + n2 + 1)}/12.$

R = sum of ranks smaller sample size (n1)

n1 = smaller of sample size

n2 = larger sample size

n1 ≥ 10 and n2 ≥ 10

VI. Data Analysis and Interpretation

For the purpose of this study, the following statistical analysis was made as given below.

A) Analysis of Simple Percentage for Personal Variables

Table 1 describes the descriptive statistics of simple percentage represented that the personal variables of the respondents, which is brought out that 32 respondents were in the age group of 30 to 50 years and they had accounted for 53.3 percent, followed by 21 respondents were in the age group of less than 29 years and they were 35.0 percent of the total. It is summarized that the majority of the respondents were in the middle age group. According to the gender wise classification, the majority (76.7 percent) of the total respondents comes under the male category and only 14 (23.3percent) were female investors in the study area.

It could be observed from the educational qualification 46.7 percent of the respondents had studied at graduate level followed by respondents having studied at postgraduate level, professional and school level constituting 25.0, 23.3 and 5.0 percent respectively. It is concluded that the majority of the respondents had studied at graduate level and they can take an appropriate decision in respect of online share trading. The occupation wise classification stated that 18 (30.0 percent) respondents were private sector and business. It is evident from the monthly income wise classification that 19 (31.7 percent) respondents reported that they were earning from Rs. 25, 001 to Rs. 50, 000 as monthly income and 14 (23.3 percent) respondents had an income of above Rs 75, 001. It is concluded that the majority of the respondents had a monthly income of between Rs. 25, 001 and 50, 000.

B) Analysis of Kruskal Wallis Test for the Factors Influencing the Intention to Online Share Trading and Personal Variables

The analysis of Kruskal Wallis Test for the factors influencing the intention to online share trading with personal variable is presented in Table 3. According to the analysis of the Kruskal Wallis test showed that there was a statically not significant difference between personal variables (age, educational qualification, occupation and monthly income) and the factors at 5 percent level. Hence, the null hypothesis is accepted. Therefore, it is concluded that the personal variables did not influence to use the online share trading in the study area.

C) Wilcoxon Rank Sum Test for Factors Influencing Intention to Online Share Trading and Gender Variable

Table 4 presents the result of the Wilcoxon rank sum test to analyze the mean rank from a female is less than the mean rank from male scoring (31.64). This suggests the male respondent was higher than the female in case of online share trading. The p value from two tailed tests and would be 0.710 which is not significant at the 5 percent level. Therefore null hypothesis is accepted.

VII. Summary of Findings of the study

The following are important findings of the study.

- The study found that 76.7 percent of the respondents were male. Among them, 53.3 percent of the respondents belonged to the age group of 30 years to 50 years. It is indicated most of the respondents belongs to the young.
- It was seen that the most of the respondents were holding more than a degree and occupation wise the respondents were working in the private sector and doing the business.
- According to the monthly income, 31.7 percent of the respondents earned an income between Rs 25, 000 to Rs 50, 000. It concludes that middle income investors were interested to use online share trading during the study period.
- The highest perceived statement in internet skill factor was 'I consider myself about good search techniques on the internet' and the social and cultural factor was 'I am interested to hear about new technology'. It indicates that the investors often to know about internet usage and update.
- The perceived advantage factor revealed that the 'Using online share trading services would allow me to accomplish more share trading activities than would otherwise be possible' as the highest perceived statement and the attitude towards adopting factor recorded the highest score statement of 'Using online share trading in stock trading would be a wise idea'.

- Finally intention to use internet factor highest score secured by the statement of 'I intend to buy and sell my stocks through a website'. It implies that the respondents were share traded through online.
- According to the analysis of Kruskal Wallis test statics indicated the no relationship between the intention to use online share trading and the personal variables, such as age, educational qualification; the occupation and monthly income were found to be not significant at the five per cent level.
- In Wilcoxon rank sum test statics indicated that there is no relationship between the gender factor and factors influencing intention to online share trading.

VIII. Conclusion

The present study investigated the intention to use online share trading constituted different factors were analyzed. The study found that personal variables which not influence to use the online share trading by the investors in the study area. It is concluded that all investors considered other relevant information in relating to share market before entering into the online share trading. Finally, the higher income people make the investment in share via online trading, because that they knew the all kinds of information as well as facing their risk.

Table 1
Personal Profile of the Respondents

S. No	Personal Profile	No of respondents	Percentage
Age			
1	Less than 29 years	21	35.0
2	30 years to 50 years	32	53.3
3	Above 51 years	7	11.7
Total		60	100.0
Gender			
1	Male	46	76.7
2	Female	14	23.3
Total		60	100.0
Educational Qualification			
1	School Level	3	5.0
2	Degree	28	46.7
3	Post Graduate Degree	15	25.0
4	Professional	14	23.3
Total		60	100.0
Occupation			
1	Government Sector	16	26.7
2	Private Sector	18	30.0
3	Free Lance/ Self Employed	8	13.3
4	Business	18	30.0
Total		60	100.0
Monthly Income			
1	Up to Rs 25000	12	20.0
2	Rs 25001 to Rs 50000	19	31.7
3	Rs 50001 to Rs 75000	15	25.0
4	Above Rs 75001	14	23.3
Total		60	100

Source: Computed from Primary data.

Table 2
Factors Influencing Intention to Online Share Trading

S.No	Statements	SA	A	NO	DA	SDA	Total Score	Rank
Internet Skills								
1	I know using the internet without hesitation.	11 (18.3%)	32 (53.3%)	14 (23.3%)	2 (3.3%)	1 (1.7%)	228	2
2	I consider myself about good search techniques on the internet.	11 (18.3%)	37 (61.7%)	4 (6.7%)	7 (11.7%)	1 (1.7%)	230	1
3	I know how to find what I want on the internet.	5 (8.3%)	42 (70.0%)	5 (8.3%)	3 (5.0%)	5 (8.3%)	219	3
Social and Cultural								
1	Using online share trading services would give me greater social status among my peers.	18 (30.0%)	29 (48.3%)	9 (15.0%)	2 (3.3%)	2 (3.3%)	230	2
2	I feel comfortable in using online share trading services.	11 (18.3%)	36 (60.0%)	6 (10.0%)	4 (6.7%)	3 (5.0%)	222	3
3	I am interested to hear about new technology.	13 (21.7%)	35 (58.3%)	5 (8.3%)	4 (6.7%)	3 (5.0%)	231	1
Perceived Advantages								
1	Using online share trading services would allow me to accomplish more share trading activities more quickly.	13 (21.7%)	28 (46.7%)	11 (18.3%)	6 (10.0%)	2 (3.3%)	224	3
2	Using online share trading services would give me greater control over financial activities.	14 (23.3%)	28 (46.7%)	10 (16.7%)	5 (8.3%)	3 (5.0%)	225	2
3	Using online share trading services would allow me to accomplish more share trading activitiesthan would otherwise be possible.	14 (23.3%)	29 48.3%)	9 (15.0%)	5 (8.3%)	3 (5.0%)	226	1
Attitude towards Adopting								
1	Using online share trading in stock trading would be a wise idea.	17 (28.3%)	25 (41.7%)	11 (18.3%)	6 (10.0%)	1 (1.7%)	231	1
2	I like the idea of using online share trading for stock trading.	11 (18.3%)	35 (58.3%)	8 (13.3%)	5 (8.3%)	1 (1.7%)	230	2
3	Using online share trading for stock trading would be a pleasant experience.	12 (20.0%)	33 (55.0%)	9 (15.0%)	4 (6.7%)	2 (3.3%)	229	3
Intention to Use the Internet								
1	I intend to buy and sell my stocks through a website.	15 (25.0%)	30 (50.0%)	9 (15.0%)	4 (6.7%)	1 (1.7%)	231	2
2	I expect to trade stocks online in the future.	11 (18.3%)	35 (58.3%)	8 (13.3%)	5 (8.3%)	1 (1.7%)	230	3

3	If I have access to online trading I want to use it as much as possible.	17 (28.3%)	28 (46.7%)	9 (15.0%)	3 (5.0%)	3 (5.0%)	233	1

Source: Computed from Primary data.

Table 3
Result of Kruskal Wallis Test for Factors Influencing the Intention to Online Share Trading and Personal Variables

S1.No	Test Statistics	DF	Significant Level	Table Value	Result
1.	Age and Factors	2	0.847	0.333	NS
2.	Educational Qualification and Factors	3	0.381	3.068	NS
3.	Occupation and Factors	3	0.524	2.240	NS
4.	Monthly Income and Factors	3	0.726	1.315	NS

Source: Computed from Primary data.
Note: DF – Degree of Freedom
S- Significant at 5% level. NS – Not Significant

Table 4
Result of Wilcoxon Test for Factors Influencing the Intention to Online Share Trading and Gender Variable

S1.No	Test Statistics	Mean Rank	Wilcoxon Value	Significant Level	Z Value	Result
1.	Male	31.64	1165.500	0.710	-0.372	NS
2.	Female	29.88				

Source: Computed from Primary data.
Note: DF – Degree of Freedom
NS- Not Significant at 5% level.

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